

February 15, 2002

D.T.E. 01-76

Investigation by the Department on its own motion as to the propriety of the rates and charges set forth in the following tariff: M.D.T.E. No. 1000-A filed by Massachusetts Electric Company and M.D.T.E. No. 1000-A filed by Nantucket Electric Company to become effective September 1, 2001.

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APPEARANCE:

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FOR: MASSACHUSETTS  
ELECTRIC COMPANY

-AND-

NANTUCKET ELECTRIC COMPANY  
Petitioners

## I. INTRODUCTION

On August 27, 2001, in compliance with 220 C.M.R. § 8.04, Massachusetts Electric Company (“MECo”) and Nantucket Electric Company (“Nantucket” together the “Company”) filed with the Department of Telecommunications and Energy (“Department”), the Company’s Interconnection Requirements Document for Customer-Owned Generating Facilities, tariff M.D.T.E. No. 1000-A (“Interconnection Tariff”).<sup>1</sup> On October 1, 2001, the Department determined that further investigation was necessary and suspended the Interconnection Tariff until February 28, 2002. On January 11, 2002, the Department conducted a hearing. The evidentiary record consists of three Company exhibits and twenty-five Department exhibits. The Company responded to two record requests.

On January 29, 2002, the Company filed a revised Interconnection Requirements Document for Customer-Owned Generating Facilities, tariff M.D.T.E. No. 1000-A (“Revised Interconnection Tariff”), which differs from the Interconnection Tariff filed on August 27, 2001 and suspended by the Department on October 1, 2001. Massachusetts Electric Company and

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<sup>1</sup> In light of the restructured electric industry in Massachusetts, the Department revised 220 C.M.R. §§ 8.00 et seq. Qualifying Facilities and On-Site Generating Facilities Rulemaking, D.T.E. 99-38 (1999). Qualifying Facilities (“QF”) are generators that meet certain criteria established pursuant to federal law. See Section 210 of Title II of the Public Utility Regulatory Policies Act of 1978. On-site generators are a class of generators of 60 kilowatts or below. G.L. c. 164, § 1G(g)(iii). The revisions to 220 C.M.R. §§ 8.00 et seq. established: (1) the pricing method applicable to electric distribution companies when purchasing output from on-site generators and QFs; and (2) the metering and interconnection requirements applicable to electric distribution companies when QFs or on-site generators seek to interconnect to an electric distribution company’s system. See G.L. c. 164, § 1G(g)(iii); 220 C.M.R. §§ 11.04(7)(c) and 11.04(4).

Nantucket Electric Company, D.T.E. 01-76 (2001). The Company requests Department approval of this Revised Interconnection Tariff in its Jan. 29, 2002 Transmittal Letter to the Department.<sup>2</sup>

## II. COMPANY PROPOSAL

The Company states that the Revised Interconnection Tariff incorporates all the changes that the Company made in response to the Department's information requests and specifically incorporates time schedules established in 220 C.M.R. §§ 8.00 et seq. (Exhs. DTE-1 through DTE-25; Tr. at 19-23, 115-116; Jan. 29, 2002 Transmittal Letter to the Department). The Company states that the Revised Interconnection Tariff provides the process, technical requirements, and forms of agreements that are needed for customers wishing to interconnect with the Company's distribution system (Tr. at 11, 19-23, 115-116). The Company added that the Revised Interconnection Tariff covers generation interconnections with the Company's system including those classified as Qualifying Facilities ("QF") and on-site generating facilities, but excluding portable generators (id.).<sup>3</sup>

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<sup>2</sup> Consistent with this request, the Department deems to be withdrawn the Company's Interconnection Tariff filed on August 27, 2001 and suspended by the Department on October 1, 2001 (Exh. MEC-3).

<sup>3</sup> The Company stated that the interconnection policy it has in place at this time is a Company document entitled "Interconnection Service Terms and Conditions" Policy 4 (Exh. D.T.E. 23; Tr. at 18, 112-114). Prior to electric restructuring and the revision of 220 C.M.R. §§ 8.00 et seq. in D.P.U. 99-38, integrated electric utility companies' interconnection policies and standards were internal company documents. See Qualifying Facilities Rulemaking, D.P.U. 84-276-B at 12 (1986).

### III. ANALYSIS AND FINDINGS

Each distribution company operating in Massachusetts is required to file with the Department written procedures addressing interconnection, metering, and payment in terms of QFs and on-site generating facilities. See 220 C.M.R. § 8.04(1).<sup>4</sup> Here, the Department reviews the Company's procedures for interconnection of QF and on-site generating facilities, to ensure that they are consistent with the provisions of 220 C.M.R. § 8.04. These provisions require: (1) the filing of written interconnection procedures; (2) an initial site inspection and 45-day time period for that inspection; (3) a procedure for estimating costs with a 90-day negotiating period and the right of either party to petition the Department in case of a dispute; (4) the devices required to protect the distribution company's system; (5) a distribution company's right to inspect such protective devices; (6) a time period of at least 90-days before a distribution company must interconnect a QF or on-site generating facility, with the right to petition the Department for additional time; and (7) cost responsibilities of the distribution company and the QF or on-site generating facility in terms of interconnecting such generating facilities.

In reviewing the Company's Revised Interconnection Tariff, the Department has considered the Company's responses to Department information requests, and the Company testimony in light of the requirements of 220 C.M.R. § 8.04 (Exhs. DTE-1 through DTE-25; Tr. at 10-16, 21-23, 66-73, 81-87). The Department finds that the Company's Revised

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<sup>4</sup> On June 7, 2001, the Department approved the Company's metering and payment procedures, M.D.T.E No. 1032-C, cancelling M.D.T.E. No. 996.

Interconnection Tariff is consistent with 220 C.M.R. § 8.04. Accordingly, the Department approves the Company's Revised Interconnection Tariff.<sup>5</sup>

The Department notes that although the Revised Interconnection Tariff differs from the Interconnection Tariff that the Department suspended for investigation on October 1, 2001, the Revised Interconnection Tariff has the same tariff number, M.D.T.E. 1000-A, as the Interconnection Tariff. Having two different tariffs with the same number, even though one may have never taken effect, leads to confusion. Tariff numbering and effective dates must be consistent with 220 C.M.R. § 5.02(4). Therefore, the Department directs the Company to re-file Revised Interconnection Tariffs, each with Massachusetts Electric Company's and Nantucket Electric Company's next consecutive available tariff numbers. In addition, the Company has stated that the Revised Interconnection Tariff does not replace or supercede any previously-approved tariff (Exh. DTE-23; Tr. at 18, 112-114). Accordingly, both re-filed tariffs should not indicate that they cancel any previously filed tariffs.

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<sup>5</sup> In Competitive Market Initiatives, D.T.E. 01-54, at 11 (2001), the Department noted that

Distributed Generation has the potential to be a viable competitive alternative to customers in the restructured industry. It also could be a key contributor to establishing essential load response capabilities. The lack of uniformity and uncertainty regarding interconnection standards and back-up rates could be inhibiting the installation of distributed generation in Massachusetts. The Department will investigate these issues in a separate proceeding.

Any approval of interconnection standards in this proceeding must be considered in the context of this issue being revisited in a generic interconnection (distribution generation) proceeding.

IV. ORDER

Accordingly, after due hearing and consideration it is

ORDERED: That the Interconnection Requirements Document for Customer-Owned Generating Facilities, tariff M.D.T.E. No. 1000-A, filed by Massachusetts Electric Company and Nantucket Electric Company on January 29, 2002 be and hereby is DISALLOWED; and it is

FURTHER ORDERED: That Massachusetts Electric Company and Nantucket Electric Company may file revised Interconnection Requirements Documents for Customer-Owned Generating Facilities identical to that proposed in tariff No. 1000-A filed on January 29, 2002, using the next consecutive available tariff numbers for Massachusetts Electric Company and Nantucket Electric Company, respectively, and with effective dates no earlier than the date of this Order, and it is

FURTHER ORDERED: That Massachusetts Electric Company and Nantucket Electric Company comply with all other directives in this Order

By Order of the Department,

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James Connelly, Chairman

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W. Robert Keating, Commissioner

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Paul B. Vasington, Commissioner

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Eugene J. Sullivan, Jr., Commissioner

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Deirdre Manning, Commissioner

Appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part.

Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. (Sec. 5, Chapter 25, G.L. Ter. Ed., as most recently amended by Chapter 485 of the Acts of 1971).